



FILED

11-20-06

04:59 PM

APPENDIX A

Findings of Fact

1. Forests can emit and sequester carbon dioxide (CO₂).
2. The average residential customer will pay a CPT premium of approximately \$4.31 a month (\$51.72 per year based on a CPT premium of \$0.00254 per kWh and \$0.06528 per therm), exclusive of A&M costs.
3. CCAR has already developed a forestry protocol, which focuses on forest management, conservation, and reforestation projects.
4. PG&E is one of a large number of members of CCAR.
5. PG&E arrived at its \$12 million marketing budget by calculating how many customers it believes it can attract to the program, and assigning a dollar value to acquire each customer. PG&E terms this its "acquisition cost methodology."
6. PG&E's \$9.71 per ton GHG reduction cost figure is the expected average cost per ton over the 2007-2009 period, based on the E3 Report. The true cost per ton could differ depending on the types of projects and other developments in the emerging market for CO₂-equivalent reductions.
7. ~~If CPT premiums are~~ would already be tax deductible for businesses who enroll, and if the CPUC takes later action to make them deductible for residential customers, such deductibility this fact will allow all business and some residential customers (who itemize) to later recoup some of their CPT payments. ~~paid by customers who itemize deductions on their tax returns.~~

8. Because PG&E's proposed A&M expenses include start-up costs the proportion of A&M to total program revenues will decrease as the three-year demonstration program progresses and enrollments ramp up.

9. Given that the CPT is a start-up demonstration program, PG&E has need not demonstrate that ~~its CPT program~~ it is cost-effective.

10. Education to PG&E customers about the risks of global warming and means to reduce these risks is a benefit of the CPT program.

11. PG&E will learn about how to procure GHG reductions and offsets as part of its CPT. Such experience should assist PG&E in complying with AB 32, the California Global Warming Solutions Act of 2006.

12. PG&E's shareholders ~~will~~ may indirectly benefit from the CPT, at the very least through enhanced goodwill for the company, as is the case with other public purpose programs in which program administration and marketing costs are assigned to all ratepayers. -38-

13. PG&E already works with charitable groups on shareholder-funded programs, however it does not do so in tariffed rate programs or by order of the Commission.

14. More than 60% of customers PG&E surveyed said they would be more likely to sign up for the voluntary rate premium if PG&E would contribute some of its own shareholders' profits to the fund.

15. Under the CPT, revenues collected may be spent far into the future on long-term contractual commitments. Under this scenario, millions of dollars collected today might not be spent for 10 or 20 years, as long-term contractual obligations come due.

Conclusions of Law

1. We should condition our approval of PG&E's application on several "accountability" measures to ensure funding is spent wisely.
2. PG&E should make regular reports to the Commission so we can determine how the program is working.
3. ~~PG&E should only charge half of the A&M costs to ratepayers as a whole~~
In other innovative public purpose programs the Commission has spread the administrative and marketing costs to all customers.
4. Given the program's expense, PG&E should guarantee that the program achieves a certain minimum of GHG reductions.
5. PG&E should explore tax deductibility of CPT premiums for residential customers, as deductibility for business customers already exists.
6. PG&E should share its marketing plans with the Commission and the EAG.
7. PG&E should to the maximum extent possible use recycled products for its marketing materials.
8. ~~Any~~ All certified GHG reductions achieved used in under the CPT program should must be permanently retired such that they cannot be sold or traded. No retired reduction may be used to meet an existing or future mandated emission standard or emission reduction requirement.
9. PG&E should share key learnings from the CPT program with other interested parties.
10. PG&E should allow the CCAR to develop new protocols independently.
11. ~~Use of~~ Manure management programs may receive CPT funding once a CCAR protocol becomes final. ~~are~~ As discussed in ~~of~~ the Commission's RPS

program, inclusion in CPT does not result in double counting of emissions reductions.

12. Given the lag between collection of program revenues and payment under long-term GHG reduction contracts, it does not make sense for program revenues to earn a short-term interest rate.